

The ACTING PRESIDENT pro tempore. The Senator from Tennessee.

Mr. CORKER. It is rare that I am down here on the floor with the senior Senator from Tennessee, but it is always a pleasure. I certainly appreciate his great leadership and especially today. I enjoyed all of his comments. But his comments about the China currency bill probably should be labeled the China trade war bill, because I think that is where it would lead.

(The remarks of Mr. CORKER pertaining to the introduction of S. 1655 are printed in today's RECORD under "Statements on Introduced Bills and Joint Resolutions.")

#### CURRENCY EXCHANGE

The ACTING PRESIDENT pro tempore. The Senator from Rhode Island.

Mr. REED. Madam President, as a cosponsor, I rise today in strong support of the Currency Exchange Rate Oversight Reform Act. This is a bipartisan effort that will protect U.S. manufacturers from economic harm caused by unfair and damaging currency manipulation.

Unemployment throughout Rhode Island and the Nation has been persistently high and corrosive. It is caused in part by the effects of currency manipulation, particularly China's devaluation of the yuan. This is one of the challenges that manufacturers and hard-working individuals in Rhode Island and across the Nation face each day.

The effects of unfair currency manipulation have caused far too much harm for far too long. It has resulted in distorted trade balances that hurt U.S. workers and our Nation's economy as a whole.

Confronting Chinese currency manipulation sends a very strong signal. If implemented correctly, it will create jobs, aid our economic recovery, and lead to the creation of an estimated 1.6 million American jobs. Free trade only works when it is fair. China is not playing by the rules, and U.S. workers are harmed as a result.

China is, by any measure, keeping its currency artificially weak and engaging in trade practices that are harming the U.S. economy. By devaluing the yuan relative to the dollar, China is essentially subsidizing its exports and taxing U.S. imports at the expense of U.S. companies and workers.

It has been estimated that the yuan is undervalued relative to the dollar by as much as 40 percent, effectively subsidizing Chinese manufacturers and spurring our \$273 billion trade deficit with China.

The Economic Policy Institute has estimated that the trade deficit with China has cost the U.S. economy 2.8 million jobs—1.9 million of these were manufacturing jobs—between 2001 and 2010. This resulted in approximately 12,000 jobs lost in Rhode Island.

A recent study by a team of three economists confirmed what many in

my State already know: Jobs in Rhode Island are among the most vulnerable to cheap Chinese imports. And job losses are directly attributable to the U.S. trade deficit with China, which has been exacerbated by China's persistently undervalued currency.

Our trade deficit with China, which grew over 10 years from \$83 billion to \$273 billion, has had an outsized impact on my State because Chinese goods compete directly with many products that were produced and that will continue to be produced in Rhode Island. From textiles to toys, Rhode Island has been harmed as the artificially cheap yuan and exports from China have hollowed out industries, jobs, and communities.

If China and other Asian economies such as Singapore, Taiwan, Malaysia, and Hong Kong let their currency float freely against the dollar, U.S. GDP would increase by as much as \$287.5 billion, that is a 1.9-percent increase, creating up to 2.25 million jobs in the United States.

So much of our efforts are focused today, and they should be, on growing our economy, measured not just by GDP but, more importantly, by jobs. This bill is one of those measures that is consistent with growing jobs in America and also respects the fact that in order for trade to work in the world, the trade has to be fair as well as free—that everybody has to follow the rules, and there is no exception. What we expect of ourselves, we should demand of others. That is at the heart of this bill.

Currently, private businesses in the United States are not able to compete on a level playing field with Chinese manufacturers and exporters who have an unfair advantage because the Chinese Government is manipulating its currency. Undervaluing the yuan isn't even in the best interest of the Chinese economy because it wastes resources and erodes wages of Chinese workers. The benefits of an undervalued yuan primarily flow to politically powerful Chinese companies dependent on trade, many of which are state owned.

According to China's own national economic census, Chinese state-owned enterprises control over 40 percent of the assets in their industrial sector. When countries stack the deck for companies and industries they control, it hurts businesses in the United States. This is not free trade or fair trade. Those who hold up China's economic growth and favorable tax conditions, as one Fortune 500 company CEO recently did, should realize this: After all, China has little reason to tax corporations when so many of the country's largest corporations are state owned.

We would not dare to suggest the form of ownership or government intervention in our economy China uses consistently and persistently as a major way to fund their government and fund their activities. So I think we have to recognize what is being posed in the guise of their version of free trade.

It is not fair trade, it is not free trade, and it doesn't even help the people of China. But it certainly helps the powerful forces of the Chinese Government and their favored business partners.

So we have a clear choice, and we have legislation that will be effective because it is consistent with what we do, which is follow the rules. We are simply asking every nation to follow the rules when it comes to currency.

The legislation before us today would level the playing field for businesses in Rhode Island and throughout the country. It requires the Department of Treasury to identify misaligned currencies using objective criteria and requires the administration to take action if countries fail to correct this misalignment.

It ensures that our trade laws can address currency undervaluation when it harms American workers and manufacturers by offsetting the benefit foreign producers and exporters receive from their country's currency manipulation.

The effects of unfair currency manipulation have caused far too much harm for far too long. It has resulted in distorted trade balances that have hurt U.S. workers and our Nation's economy as a whole. This legislation will strengthen the tools we have to make sure our businesses can compete on a fair and level playing field against foreign companies that benefit from undervalued currency.

Let me be clear that this is not a silver bullet for our economy, and there are many other steps we have to take. As we continue to press for solutions to revitalize our economy—with a front-and-center focus on saving and creating jobs—addressing unfair subsidies and trade practices must be part of this effort. So I would urge swift passage of the Currency Exchange Rate Oversight Reform Act.

With that, I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. BLUMENTHAL. Madam President, I ask unanimous consent that the order for the quorum call be rescinded.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. BLUMENTHAL. Madam President, I rise as a proud cosponsor of the Currency Exchange Rate Oversight Reform Act, S. 1619. We are all aware, in this Chamber and around the country, that China has been manipulating its currency flagrantly and blatantly at the expense of our businesses in Connecticut and New York and around the country at the expense of American workers. This measure is necessary to protect American jobs and American workers.

Chinese currency manipulation is a job killer, very simply. At a time when so many are desperate for work and so many Americans and citizens of Connecticut are seeking good jobs, this

measure will help protect American workers and save American jobs, which is why I am proud to be a cosponsor of this measure.

I am proud to have begun this fight well before I became a Senator and well before I even thought of becoming a Senator, when I was attorney general of the State of Connecticut, because I heard from Connecticut businesses about the effects of Chinese currency manipulation in their efforts to sell their goods and services not only in China but around the world and even in America. Undervaluing Chinese currency puts American businesses at a disadvantage. It is a hidden export subsidy. It is a means of underpricing Chinese goods and services at the expense of ours. That affects not only our exports to China, but it affects our sales of airplanes in Europe, it affects the sales of all kinds of products—both high-tech and others—in this country, and it deprives the United States and its businesses of a level playing field.

The extent of that undervaluation is actually unknown, even as we speak. It is probably in the range of 25 percent. Economists tell us it is anywhere between 20 percent and 50 percent. The Chinese have permitted their currency to rise slowly, perhaps about 6 percent since June of 2010, but the extreme undervaluation before that period of time—in the years that led to June 2010—was relentless and tireless and successful. One of the great success stories of currency undervaluation is the Chinese doing so with theirs. We are at a point where, rightly, we have lost patience.

When I first asked the Treasury of the United States to label and conclude that China is a currency manipulator—months, even years ago—there was an opportunity to take the kind of action this measure would readily lead it to do, and it must do it now. This bill provides consequences for countries that fail to adopt appropriate policies to eliminate currency misalignment and includes tools to address the impact of currency misalignment on American manufacturers, including the use of countervailing duty law to impose tariffs on imports benefiting from government subsidies.

Very simply, it provides tools that the American Government can and should use when there are misalignments of currency that result from government policies, and it eliminates some of the barriers in our current law that now exist and restrict the American Government from taking action to protect American businesses. So it is a good measure, a commonsense step toward fairness and a level playing field for American businesses, and it means we would protect ourselves, as we have a right to do in an ongoing trade war. It is a war, not a shooting war—perhaps not explicit—but it is a trade war we should acknowledge and recognize as a fact of life for our businesses.

All this talk about currency and renminbi and the abstract and seem-

ingly arcane discussion, in economic terms, may seem far away to many citizens of Connecticut, but it is not arcane or abstract to Steve Wilson at Crescent Manufacturing of Burlington—a company that makes precision fasteners, many of them used in defense of our country, sold in this country as well as abroad. Crescent Manufacturing has hard-working, skilled workers who compete with Chinese manufacturers whose production costs are dramatically lower because of the undervalued Chinese currency. Steve Wilson came to me and said, in effect: Give us a level playing field. That is what this bill does. He said it not only on his own behalf, as a manager and an owner, but on behalf of his workers because the number of those workers was reduced as a result of the lack of a level playing field.

Earlier this year, I worked with my colleague in the House of Representatives, Congressman CHRIS MURPHY, to conduct a survey of Connecticut manufacturers. We gathered data from 151 different companies all across the State of Connecticut, and the information they shared paints a dramatic picture of the business climate for companies in Connecticut and America today and the challenges they face as they seek to create jobs and stay competitive. Of 151 manufacturers that participated in our survey, 73 percent say they have Chinese competition—73 percent are competing with Chinese companies—and 57 percent—almost 60 percent of all those companies—said China's refusal to operate on a level playing field is harming their businesses. The majority of those companies that responded to that survey—manufacturers in Connecticut—say they want a level playing field or they are harmed by unfair practices in China's undervaluing their currency.

We all know, at this point, China deliberately manipulates its currency to boost its exports, and Connecticut manufacturers know it better than anyone. They have made it clear, if we are serious about keeping American manufacturing competitive, if we want to make it in America, if we want “Made in America” to mean what it should, and if we want our economy to grow, we need to stand up to countries that rig the system in their favor—unfairly in their favor.

The Alliance for American Manufacturing estimates our surging trade deficit with China—largely caused by Chinese currency manipulation—cost 2.8 million American jobs over the last decade, and that is 31,600 in Connecticut alone. These were jobs lost to our workers unfairly.

On March 25, 2011, the IMF declared that China's currency remains “substantially undervalued.” That is a serious charge from an international agency that is not biased toward one country or another, and it implies that China, in failing to address the undervaluing of their currency, is in direct violation of the General Agreement on

Tariffs and Trade, which it has signed. Far from being contradictory to international law, this bill serves the interests and intent of the General Agreement on Tariffs and Trade. It serves article XXI of the GATT Uruguay Round and allows a member of the World Trade Organization and America to take action which it considers necessary for the protection of essential security interests.

Nothing is more essential to our security than jobs. Nothing is more critical than dealing with our trade deficit. Nothing is more important than stopping the undervaluation of the Chinese currency that consistently, unfairly, and unacceptably works against our exporters. We must fight these fundamentally unfair trade practices of China. American manufacturers deserve this level playing field, and this bill will help to assure that for them.

I will continue to fight to protect Connecticut manufacturers and businesses against any unfair trade practices anywhere in the world, and this bill stops China and any other country that would misalign its currency to the detriment of our security as a country and Connecticut's manufacturers and businesses as well as those in the country as a whole.

I thank the Chair, I yield the floor, and I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

The ACTING PRESIDENT pro tempore. The Senator from North Carolina.

Mrs. HAGAN. Madam President, I ask unanimous consent that the order for quorum call be rescinded.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mrs. HAGAN. Madam President, I come to the floor as one of a bipartisan group of my colleagues, proud to be a cosponsor of the Currency Exchange Rate Oversight Act, legislation that will send a clear and direct message to China that the time for playing games with American jobs is over.

As many of my colleagues have already explained on the floor, the effects of China's currency manipulation are damaging to our economy. It is estimated that China is undervaluing their yuan by more than 28 percent.

What does that mean? It means Chinese goods coming into the United States are unfairly cheap, while goods made in the United States are unfairly expensive when they are exported to China. In other words, it means U.S. goods are less competitive in China, and Chinese goods do have an unfair advantage in the United States. The results of this distorted arrangement are harrowing: reduced American wages, decreased GDP, and lost American jobs.

Since China entered the World Trade Organization in 2001, our trade deficit with them went from \$84 billion in 2001 to \$273 billion in 2010, an increase of

close to \$200 billion. Madam President, \$273 billion is larger than the U.S. trade deficit with the OPEC countries, the EU countries, Canada, Japan, and Mexico combined. This trade deficit has eliminated or displaced over 2.8 million American jobs over the last 10 years. That is an average of 310,000 jobs every year, and 70 percent of those jobs lost from our trade with China were in one sector—manufacturing.

Ask anyone in my home State, and they will say the same thing: North Carolina is a manufacturing State. From furniture to yarn, we are known throughout the country and throughout the world for the quality of the work we produce. But we are hurting. Between 2001 and 2010, North Carolina has lost over 107,000 jobs. Those are 107,000 jobs due to trade with China. Only five States in the entire country have suffered a greater net job loss from our country's trade with China. Across the country, the Nation has lost approximately 6 million manufacturing jobs and has seen 57,000 manufacturing plants across our country shut down.

Last week, I traveled throughout the foothill regions in North Carolina, in Burke, Rutherford, and Gaston Counties, three of our counties with some of the deepest manufacturing and textile roots in the State. The unemployment rate in these counties is close to 13 percent in Burke, close to 15 percent in Rutherford, and 11.3 percent in Gaston, even higher than the all-too-high 10.4 percent average across the State of North Carolina.

The No. 1, No. 2, and No. 3 concerns I heard at every stop I made last week were: jobs, jobs, jobs. There were people, many of them former manufacturing employees, who have lost their jobs. Many of them are continuing to work hard, fighting for small businesses that they now run and looking for survival. At the same time, so many people are attending every job fair they can make. They cannot afford for Washington to continue to allow China to get away with economic deceit and manipulation. They cannot afford for us to continue competing with China with one hand tied behind our back. What they need is for Washington to draw a hard line, to act now, and to get tough on China's currency manipulation.

The Currency Exchange Rate Oversight Act is straightforward. If the Treasury Department, using objective criteria, determines that the value of a currency is fundamentally misaligned, it will trigger a process to correct that unfair misalignment. In other words, it allows the United States to use every tool in our toolbox, including countervailing duties, to ensure that American workers and companies are competing on a level playing field.

Even though the legislation is simple, its positive effects would ripple through the economy.

The ACTING PRESIDENT pro tempore. The Senator's time has expired.

Mrs. HAGAN. I ask for 2 more minutes.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mrs. HAGAN. I thank you, Madam President.

A full revaluation of the yuan would mean 2.25 million jobs in the United States, reducing the U.S. unemployment rate by at least 1 full percentage point; an increase of the U.S. GDP of about \$285 billion, a nearly 2-percent boost; and a reduction to our budget deficit by as much as \$857 billion over 10 years. These are new jobs, more growth, and lower deficits. That is exactly the kind of bill our country needs right now.

It is going to require us to be tough. That is why America's workers and North Carolina workers need us to draw this line in the sand. They have always been told that if they work hard and play by the rules, they can get ahead. But now China is not playing by the rules, and it is undermining the ability of our workers and companies to succeed. We need to hold them accountable.

American and North Carolina workers are some of the best and most productive in the world. We know this. China knows this. If we compete on a level playing field, we can prosper together. I encourage all my colleagues to join in this bipartisan measure and vote for this bill. It is what America's workers and companies need, and it is what they deserve.

I yield the floor.

#### CONCLUSION OF MORNING BUSINESS

The ACTING PRESIDENT pro tempore. Morning business is closed.

#### CURRENCY EXCHANGE RATE OVERSIGHT REFORM ACT

The ACTING PRESIDENT pro tempore. Under the previous order, the Senate will resume consideration of S. 1619, which the clerk will report.

The assistant legislative clerk read as follows:

A bill (S. 1619) to provide for identification of misaligned currency, require action to correct the misalignment, and for other purposes.

Pending:

Reid amendment No. 694, to change the enactment date.

Reid amendment No. 695 (to amendment No. 694), of a perfecting nature.

Reid motion to commit the bill to the Committee on Finance with instructions, Reid amendment No. 696, to change the enactment date.

Reid amendment No. 697 (to (the instructions) amendment No. 696) of the motion to commit, of a perfecting nature.

Reid amendment No. 698 (to amendment No. 697), of a perfecting nature.

The ACTING PRESIDENT pro tempore. The Senator from Maryland.

Mr. CARDIN. Madam President, I rise to urge my colleagues to support the Currency Exchange Rate Oversight Reform Act, S. 1619, of which I am

proud to be an original cosponsor. I wish to thank my colleague and friend, Mr. BROWN, the Senator from Ohio, for his leadership in bringing forward this very important legislation.

This legislation is about jobs. We all talk about ways we can increase job opportunity in America. Yes, we have to do a better job in our infrastructure and rebuilding America, our roads, our bridges, our schools, our energy infrastructure, our water infrastructure. That is a very important part of job growth in America. We have to help our small businesses.

The President is right to focus a program that will help small businesses because that is the job growth energy in America. But another area that is critically important for us on job growth is trade.

I represent the State of Maryland. The Port of Baltimore is an economic engine of our State, where we employ many people because of the Port of Baltimore. We want to see products that not only come into America, but we want to see products that leave America for the international marketplace. American manufacturers, producers, and farmers can outcompete their competition anywhere in the world as long as we have a level playing field. If we have a level playing field, we will not only keep jobs in America, we will create new jobs in America because we can outcompete the world. But we can't do it if we give away a huge advantage to other countries. Currency manipulation allows other countries to have unfair competitive advantage over American manufacturers, producers, and farmers. That is what this bill is aimed at: to give us a level playing field, to allow us to be able to compete fairly.

I also wish to acknowledge that this legislation is bipartisan. I think it is nonpartisan. This is legislation that makes sense for our country to keep jobs and create jobs. The legislation provides necessary mechanisms to help halt currency manipulation committed by any country. Currency manipulation is an unfair trade practice that reduces the price of imported goods while raising the price of American goods.

We are talking about giving a discount to our competitors. How do we expect an American manufacturer to be able to compete with an imported product if they get a discount on the price? That is what happens when they arbitrarily undervalue their currency as a foreign competitor, and that is what is happening to American manufacturers. Trying to end this practice is just common sense and will finally allow us to address our net exports, helping us reduce trade imbalances and, most importantly, create jobs in America.

Of course, China is one of the largest abusers of this type of manipulation. Despite a pledge from China in 2001 to adhere to open and fair trade, it continues to violate global trade rules which, in turn, erodes the U.S. manufacturing base and economy.